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Message Text

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ORIGIN EB-08

INFO OCT-01 NEA-11 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 /125 R

DRAFTED BY EB/OT/GCP:MBAAS
APPROVED BY STR:SLANDE
----------017937 221045Z /21
R 212239Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY CAIRO
USMISSION GENEVA

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GENEVA FOR MTN

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: MTN - CONSULTATIONS WITH EGYPT JUNE 7

1. TEAM OF LANDE (STR) AND BAAS (STATE) HELD CONSULTATIONS WITH EGYPTIAN OFFICIALS RESPONSIBLE FOR MTN JUNE 7 IN CAIRO. EGYPTIAN SIDE HEADED BY SALAH ABADI, UNDERSECRETARY OF MINISTRY OF TRADE, AND INCLUDED, INTER ALIA, AMBASSADOR WAFIG HOSAY, THE DIRECTOR OF INTERNATIONAL ECONOMIC AFFAIRS IN MINISTRY OF TRADE. DISCUSSIONS COVERED ALL AREAS OF MTN, AND EGYPTIANS SEEMED VERY EAGER FOR AGREEMENT WITH U.S. STATING THEY WOULD MAKE POSITIVE RESPONSE TO U.S. REQUESTS WHICH WOULD BE DELIVERED BY HAMZA IN GENEVA SHORTLY. FOLLOWING OUTLINES PRINCIPAL PRODUCT
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DISCUSSIONS OF INTEREST.

2. CHIEF EGYPTIAN CONCERN IN U.S. OFFER IS LONG STAPLE COTTON (TSUS 300.15). AFTER DISCUSSION OF PRINCIPAL SUPPLIER RULE, U.S. SIDE INFORMED EGYPTIANS THAT WE COULD INFORMALLY TELL THEM THAT WE WOULD MAKE A CUT IN THE TARIFF ON THIS ITEM, IF THEY WERE WILLING TO PAY FOR IT WITH

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ADEQUATE CONTRIBUTIONS. AT THE SAME TIME, U.S. SIDE NOW UNDERSTOOD, ALTHOUGH IT DID NOT HAVE THE WORD OFFICIALLY, THAT THE PRINCIPAL SUPPLIER, SUDAN, WAS PLANNING TO REQUEST THIS ITEM. EGYPT ALSO SAID THAT THEY WERE INTERESTED IN REMOVAL OF QR ON THIS ITEM. U.S. SIDE HELD OUT NO HOPE THAT U.S. COULD REMOVE THIS QUOTA IN THE MTN. HOWEVER, QUOTA WAS NORMALLY UNFILLED AND, THEREFORE, DID NOT APPEAR TO BE AN EFFECTIVE TRADE OBSTACLE FOR EGYPT. IN SUGSEQUENT DISCUSSIONS EGYPTIANS STATED THAT, IN FACT, THEY EXPECTED THEIR EXPORTS OF LONG STAPLE COTTON TO DECLINE IN FUTURE SINCE MORE WOULD BE PROCESSED IN EGYPT.

3. EGYPTIANS ALSO ASKED FOR IMPROVEMENT IN U.S. OFFERS ON TEXTILES, ESPECIALLY IN TSUS 320.10. U.S. SIDE POINTED OUT SENSITIVITY OF TEXTILE SECTOR, AND FACT THAT WE HAD MADE OFFERS ON ALL BUT TWO ITEMS OF INTEREST TO EGYPT. EGYPT THEN ASKED ABOUT SHEETING (TEXTILE CATEGORY 313), CLAIMING THAT U.S. HAD NOT MADE OFFER. U.S. DEL EXPLAINED DIFFERENCE BETWEEN TSUS AND TEXTILE CATEGORY NUMBER, AND POINTED OUT THAT WE HAD MADE OFFER ON THIS ITEM. EGYPTIAN SIDE SAID THEY WOULD SEEK FURTHER CLARIFICATION IN GENEVA WITH U.S. MTN DEL TEXTILE EXPERTS.

4. U.S. SIDE REVIEWED U.S. RESPONSE TO OTHER EGYPTIAN REQUESTS. ON TSUS 190.93, SPONGES, U.S. SIDE INFORMED EGYPTIANS THAT PRINCIPAL SUPPLIER, GREECE HAD NOW MADE A LIMITED OFFICIAL USE

REQUEST, AND THAT WASHINGTON WOULD BE CONSIDERING THIS REQUEST IN NEAR FUTURE.

5. CONCERNING U.S. REQUESTS, EGYPTIANS SAID THEY WOULD MAKE FORMAL WRITTEN RESPONSE IN GENEVA SHORTLY. FOLLOWING ARE THEIR COMMENTS ON SPECIFIC REQUESTS DISCUSSED.

6. ON CONSULAR FORMALITIES, EGYPTIANS SAID THAT IT WAS NO LONGER NECESSARY FOR SHIPPING DOCUMENTS TO BE CERTIFIED BY U.S. ARAB CHAMBER OF COMMERCE. THIS CERTIFICATION NOW OPTIONAL. HOWEVER, IT CONTINUES TO BE NECESSARY FOR ALL DOCUMENTS TO BE CERTIFIED BY EGYPTIAN CONSULATE (WHICH, INTER ALIA, LOOKS INTO THE BOYCOTT QUESTION). WHEN U.S. PRESSED FOR REMOVAL OF THIS REQUIRMENT, EGYPTIANS RESPONDED THAT A) NOTORIZATION IS REQUIRED ON ANY LEGAL DOCUMENT (SUCH AS MARRIAGE CERTIFICATE) AND NOT JUST TRADE DOCU-MENTS, B) THIS WAS REVENUE SOURCE, C) TURN AROUND TIME NORMALLY 2 TO 3 DAYS, THUS NOT A BARRIER AND D) VARIABLE PERCENTAGE FEE HAD BEEN ELIMINATED AND REPLACED BY SET, NOMINAL FEE. THUS EGYPTIANS SAID THEY HAD MET TWO PARTS OF U.S. REQUEST (END OF CERTIFICATION OF CHAMBER OF COMMERCE AND VARIABLE FEE) AND THAT THIRD PART (REMOVAL OF CONSULAR

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CERTIFICATION) WOULD BE EXTREMELY DIFFICULT.

7. CONCERNING BTN 0202, POULTRY, EGYPTIANS SAID IT WAS ALREADY DUTY FREE, AND IN RESPONSE TO QUESTION BY U.S. SIDE, SAID THEY COULD BIND AT ZERO. ON 21.07, VEGETABLE PROTEINS AND 35.04, PEPTONES, EGYPTIANS SAID IF THESE WERE FOR

DIRECT CONSUMPTION, IT WOULD BE VERY DIFFICULT TO CUT TARIFFS, BUT IF THEY WERE NOT, THEY SHOULD BE ABLE TO MEET REQUEST. EGYPTIANS REQUESTED THAT U.S. SIDE PROVIDE SAMPLES AND TECHNICAL DESCRIPTIONS FOR PURPOSES OF EX-OUT, WHICH U.S. SIDE UNDERTOOK TO DO IN GENEVA. ON BTN 23.04, EGYPTIANS SAID THEY COULD MEET REQUEST IF ITEM WAS ANIMAL FEED (WHICH U.S. SIDE CONFIRMED).
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8. REGARDING STATE TRADING, EGYPTIANS SAID THEY DID NOT BELIEVE IT WAS A PROBLEM, SINCE IT WAS ONLY USED ON ESSENTIAL ITEMS (FOODSTUFFS) LIKE WHEAT AND TEA. ON BTN 21.05, CANNED SOUP AND BTN 82.11 RAZOR BLADES, EGYPTIANS SAID THAT THEY DID NOT HAVE LICENSING REQUIREMENT. ONLY REQUIREMENT IS THAT FOREIGN EXCHANGE ACCOUNT MUST BE OPENED WITH BANKS, WHICH WAS NORMAL WITH MANY GOODS, AND WHICH THEY STATED WAS NOT A PROBLEM FOR U.S. EXPORTERS. (THIS WAS CONFIRMED BY U.S. EMBOFF TAKING PART IN TALKS).

9. ON BTN 71.12, JEWELRY, EGYPTIANS STATED THAT IMPORTS WERE NOT BANNED, RATHER DISCRETIONARY LICENSE WAS NECESSARY, WHICH THEY BELIEVED WAS NORMALLY GRANTED. IN ANY EVENT, EVEN THIS REQUIREMENT WOULD BE REMOVED BY 1980. VANCE

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